



# BUDGET COMMITTEE

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**Senator Gregg's Senate Floor Remarks on Raising a Pay-Go Point of Order  
Against the Reid Tax and Highway Extension Bill  
February 23, 2010  
(unofficial transcript)**

Mr. President, I rise today to take on a cause which I know is close to the hearts of my colleagues on the other side of the aisle, which is to assert a privilege of Pay-Go. I have heard innumerable arguments made from the other side of the aisle about the importance of Pay-Go enforcement mechanisms in this Congress; how Pay-Go will be used to discipline our spending as a Congress; how Pay-Go is the way that we get to financial and fiscal responsibility as a Congress.

In fact, just two weeks ago, I believe the Majority Leader came to the floor and offered a brand-new Pay-Go resolution as a matter of statute, and said that this is one of the key pillars of the majority party and the President in the area of how you discipline spending and get our spending house in order. The President has mentioned Pay-Go on numerous occasions, also.

Why all this talk about Pay-Go? Because I think people are beginning to realize, certainly our constituents do, that the government is spending too much money. That we're running up too much debt. That we're passing bill after bill after bill in this Congress which we're not paying for, and that the cost of those bills are going on to our children's backs. That we're going to double the federal debt here in the next five years. That we're going to triple the federal debt in the next ten years under the President's budget and the budget passed by the Democratic leadership in this Congress. That the federal deficit increases, and the debt increases by \$11 trillion over the next nine years of this budget that is being proposed by the President. Eleven trillion dollars. And that we get to a point where our nation is basically spending so much and borrowing so much that our financial house is unsustainable.

And those are not my words. Those are the words actually of the Secretary of the Treasury and the head of the OMB. They both said their own budget that they sent up here was unsustainable in its present form because it spent so much more money than we have. And those bills get passed right on to our kids.

Well, in defense of their sending up a budget that spent all this money that we don't have and doubles the debt in five years and triples it in ten years, they said they were going to assert Pay-Go rules, which would discipline this Senate on the issue of spending.

Well, at the time that they asserted that, I said, 'Oh, come on, give us a break.' Over the last three years that this Congress has been under the Democratic control, in over 20 instances, Pay-Go, which is presently in the law, was ignored, gimmicked, or waived, costing over half a trillion dollars in new spending. Half a trillion dollars, approximately, that should have been subject to Pay-Go rules was waived and gimmicked by the other side of the aisle: 'No, we're not going to pay attention to the Pay-Go rules. We're just going to spend the money and add the debt to our kids' back.'

I think the American people noticed that. They're certainly frustrated by it because they intuitively understand it is called common sense. If you spend all this money you don't have, the debts fall on our children's backs, and it reduces their quality of life, obviously. If you run up a government that has deficits which exceed the capacity of our ability to repay them, it's our children who end up paying the cost of that profligate spending. It's our children who end up with these bills. Their standard of living will be reduced as a result of all this new deficit and debt that this Congress has passed and which this President has proposed.

But for political cover, they have called up, a couple weeks ago, this Pay-Go resolution, and said, 'We're going to assert Pay-Go around here to everything that comes through this Congress. We're going to make sure that the financial house of this Congress is disciplined by the rule of Pay-Go.' Well, that's why I want to help them out, because here is a new bill on the floor of the Senate that violates Pay-Go. It violates their own rules. It violates this great sanctity that they claim was going to be the cause of fiscal discipline, the Pay-Go rule.

Just a few weeks ago, we passed a Pay-Go resolution here, and what do we get? Within two weeks, we get a bill that violates the Pay-Go rules. The Pay-Go rules as we have them—and they are the law, they are the rule of the Senate today – says that Pay-Go will apply for any legislation that increases the deficit in the first five-year period or in the first 10-year period. This bill has been scored by CBO as violating that rule. It increases the deficit by \$12 billion, unpaid for, in the first five-year period. This bill is, therefore, subject to a Pay-Go point of order.

Now, we're going to hear a specious argument from the other side of the aisle that says in the year 2020 we account for all of this spending, and we get the money back. Well, I don't believe that. You know, I don't believe the check is in the mail either. And the American people don't believe that. More importantly, the rules of the Senate don't allow that. The rules of the Senate make it very clear that if it adds to the deficit in the first five years, it is subject to Pay-Go point of order. And it is not a small amount here. Twelve billion dollars is a lot of money.

Now, I know that under the way that we function here, we talk about trillions and I know that billions become lost in that debate, but \$1 billion is still a lot of money. And \$12 billion added to our children's back in the way of deficit and debt -- I think most Americans would see that as a lot of money. For \$12 billion, you can run the state of New Hampshire, the entire state government, for about three years. And yet we're going to run the deficit by \$12 billion in violation of our own rules.

And there's something even more outrageous about this bill -- it's hard to beat, because it's pretty outrageous. We have all heard the sanctimonious goings-on about how they're going to live by Pay-Go, and then the first bill they bring to the floor violates the issue of Pay-Go. This bill in an act of gamesmanship which really deserves some sort of special award -- maybe a gold medal at the Vancouver Olympics if they issue medals for gamesmanship in fiscal policy and how you basically pass on to your children a major new debt without telling them that it's coming. Certainly this bill would deserve a gold medal in that category because this bill creates \$140 billion of debt.

Now, even on the other side of the aisle, that's got to be considered a lot of money. Maybe they don't consider \$12 billion a lot of money, but \$140 billion -- that's got to be big money. One hundred and forty billion dollars of deficit and debt are built into this bill, even though the bill on its face states that it only spends \$15 billion, or something like that.

Well, how do they do that? How can that possibly be? Well, because what they've done here -- as I said, it deserves a gold medal for manipulating the financial house of the Senate and House in a way that avoids actual accountability for the debt that you are adding on our children's shoulders -- they've put into the baseline the highway money.

So the billions that are in the highway bill multiply out over ten years to \$140 billion. And then they've claimed that that's all offset. All that money was offset. How do they claim it is offset? Well, it's a little technical, but follow this for a second because it's the ultimate game in double-entry bookkeeping. It's something that Al Capone might have done were he running the books of the Senate.

There's a Highway Trust Fund which doesn't have enough money to pay for the roads that want to be built by the Highway Department of this Congress, the EPW Committee. They want to build more roads than the Trust Fund has money coming in. So they take money from the General Fund and transfer it over to the Highway Trust Fund. They allege that 10 years ago or so the Highway Trust Fund lent money to the General Fund and no interest was paid on that money that was lent to the General Fund.

First of all, at the time, they passed a law that said interest was to be paid on it, but it would be ridiculous to pay interest between the two funds anyway. But even if you accepted that act, you couldn't get to the numbers that they're talking about. No, what they've done is they claim that any money that comes out of the General Fund to fund the Highway Fund is an offset -- an offset. That's an interesting concept. And, therefore, it doesn't get scored against the deficit by the Highway Fund.

Well, where do we get the means to pay what we took from the General fund to fund the Highway Fund? The answer is pretty simple: we borrow it from China. We borrow it from Americans. We borrow it from Saudi Arabia. And our kids get a bill called a piece of debt that they have to pay off. And so this double-entry bookkeeping in the tradition of Al Capone basically, when simplified, means simply that it adds \$140 billion of new deficit, new debt to the General Fund, which has to be paid by our kids – un-offset, unpaid for, simply money spent.

Well, you know something? We're spending a lot of money around here that we don't have, and it is not right. I think the American people want us to stop that. If we're going to going to spend this money on roads, then pay for it. It's that simple. Don't hide. Don't hide the fact that you are not paying for this with some gamesmanship called offsetting the Highway Fund with General Fund money. I think that's a pretty cynical act if you don't have the courage to stand up before this Congress and say, 'All right, we want to spend \$140 billion but we don't want to pay for it' and then stand up. You have an obligation to say what you're doing, not to try to hide it in some kind of bookkeeping manipulation, which gets you a gold medal for bookkeeping manipulation but certainly doesn't do anything for transparency or honesty in government.

So, on top of having a Pay-Go violation, which is \$12 billion, as scored by the CBO – it's not me saying this -- this point of order lies. There is \$140 billion of new spending proposed from this bill, which isn't paid for. Maybe you don't subscribe to it as new spending. But spending that isn't paid for and it's authorized and going to be spent. And that's pretty inexcusable because it's claimed it is paid for, which is the real hypocrisy of what we're seeing here.

Now, my colleagues on the other side may vote to waive this point of order. I can't understand how they can do that. And I can't understand how, when the Majority Leader comes down here -- and I'm sure he will, or one of his representatives comes here, and says, 'Well, Pay-Go shouldn't really lie here because in 2020 we're going to pay for all this,' that they can claim anything other than the fact that the Pay-Go point of order lies. I mean it does lie.

And what is a Pay-Go point of order? It is the CBO telling us that we have violated our own rules called Pay-Go, and we are spending money which goes to the deficit, in this case \$12 billion. So, as a very practical matter, this is a pretty black-and-white situation. Either you are for enforcing the fiscal discipline around here with the Pay-Go point of order, or you're not. And I have to say, if this Pay-Go point of order is waived, then I think we ought to follow it up with an unanimous consent that says we're about to rid ourselves of Pay-Go as an enforcement mechanism because we will be saying that it doesn't mean anything.

I don't want to do that, but clearly that's the only conclusion you could reach because the Pay-Go point of order makes it clear that there is \$12 billion of deficit spending in the first five-year window that violates the Pay-Go rules set up by this Senate, that was

specifically proposed and promoted by the Democratic Majority as a way to give us fiscal discipline and we're ignoring it. We're overruling it, and we're bypassing it with this piece of legislation if we do waive the Pay-Go rule.

So at this point, I would make a point of order that the pending amendment offered by the Senator from Nevada, Mr. Reid, would increase the on-budget deficit for the sum of the years 2010 to 2014. Therefore, I raise a point of order against the amendment pursuant to Section 201(a) of S. Con. Res. 21, the concurrent resolution on the budget for the fiscal year 2008.